



Canada Revenue Agency

2009-10
Estimates

Part III—Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of the following:

Part I—The Government Expense Plan provides an overview of federal spending and summarizes the key elements of the Main Estimates.

Part II—The Main Estimates directly support the Appropriation Act. The Main Estimates identify the spending authorities (Votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these Votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before March 1.

Part III—Departmental Expenditure Plans, which is divided into two components:

- 1) **Reports on Plans and Priorities (RPP)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail over a three-year period on an organization's main priorities by strategic outcome(s), program activity(ies) and planned/expected results, including links to related resource requirements. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the appropriation-dependent departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are usually tabled on or before March 31 and referred to committees, which may then report to the House of Commons pursuant to Standing Order 81(7).
- 2) **Departmental Performance Reports (DPR)** are individual department and agency accounts of results achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the appropriation dependent departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

Supplementary Estimates directly support an Appropriation Act. The Supplementary Estimates identify the spending authorities (Votes) and amounts to be included in the subsequent appropriation bill. Parliamentary approval is required to enable the government to proceed with its spending plans. Supplementary Estimates are normally tabled twice a year, the first document in late October and a final document in late February. Each Supplementary Estimates document is identified alphabetically A, B, C, etc. Under special circumstances, more than two Supplementary Estimates documents can be published in any given year.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in DPRs, this material helps Parliament hold the government to account for the allocation and management of public funds.

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Canada Revenue Agency

**2009-2010
Estimates**

Report on Plans and Priorities

The Honourable Jean-Pierre Blackburn, P.C., M.P.
Minister of National Revenue

Mission

To administer tax, benefits, and related programs, and ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians.

Vision

The CRA is the model for trusted tax and benefit administration, providing unparalleled service and value to its clients, and offering its employees outstanding career opportunities.

Values

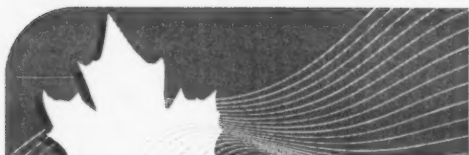
Integrity
Professionalism
Respect
Co-operation

Promise

Contributing to the well-being of Canadians and the efficiency of government by delivering world-class tax and benefit administration that is responsive, effective, and trusted.

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Section I: Agency Overview

Message from the Minister



Each year, the Canada Revenue Agency (CRA) administers billions of dollars in tax revenue and distributes timely and accurate benefit payments to millions of Canadians. Since becoming an agency almost ten years ago, the CRA has firmly entrenched itself as a high-performance, national organization with an unparalleled capacity for program delivery.

The CRA remains committed to implementing ambitious initiatives to simplify the tax process for small and medium-sized businesses and to sustaining the focus on burden reduction in the years to come in a manner consistent with its overall accountability for tax compliance and revenue collection. In addition, responding to feedback from its stakeholders, the CRA is taking concrete steps to improve service to Canadians to ensure that they are treated in a fair and consistent manner.

The Prime Minister has established public service renewal as a key priority for the Government of Canada. A critical part of this renewal calls for federal departments and agencies to look ahead to future business objectives so they can identify the skills and knowledge they need in their workforce. In this Report on Plans and Priorities, the CRA has taken up this challenge by further integrating human resources and business planning. The plan covers the challenges it faces and actions it will take to support the renewal of the CRA and the public service as a whole.

Maintaining the confidence of Canadians in the integrity of our tax system will always be essential to our success. The CRA's dedication to excellence in its operations and workplace provides assurance that Canadians can continue to have confidence in the CRA as a fair and accountable tax administrator.

The Honourable Jean-Pierre Blackburn, P.C., M.P.
Minister of National Revenue

Executive Summary

As the Canada Revenue Agency (CRA) approaches its tenth anniversary, it has established itself as a high-performance, national organization with a state of the art capacity and leading edge technology for program delivery. The *Reports on Plans and Priorities 2009-2010* outlines the strategies we will pursue to build on this strong performance, while we strive to achieve our vision to be the model for trusted tax and benefit administration, providing unparalleled service and value to our clients, and offering our employees outstanding career opportunities.

Pursuant to our mandate, the CRA is governed by two strategic outcomes:

- Taxpayers meet their obligations and Canada's revenue base is protected; and
- Eligible families and individuals receive timely and correct benefit payments.

Tax Services

Canada's tax system is based on self-assessment and voluntary compliance. Our approach to administering Canada's tax laws relies on effective risk management to identify compliance risks and assess them for their potential effect on the revenue base. Each service we deliver is integrated with our compliance strategies and must consider our costs and capacity as well as the needs and expectations of Canadians. In addition, fundamental to our capacity to deliver our mission-critical programs and services is a sound information technology infrastructure.

In response to the challenges and opportunities we have identified in our operating environment, our focus over the planning period will be on the following:

- Tax integrity – Making non-compliance harder by taking additional active and consistent steps to combat tax cheating and by improving communication and information-sharing with federal and international stakeholders to permit rapid response to emerging compliance threats.
- Strengthening service – Making compliance easier by integrating our Service Strategy to expand self-service options, optimizing telephone service, and fine-tuning our outreach and communication efforts.
- Business sustainability – Fostering excellence in program delivery by investing in employee development, strengthening our information technology resources, and further strengthening protection of taxpayer information.

Benefit Programs

By delivering benefit programs and related services, the CRA supports the efforts of governments to assist families and children, low- and moderate-income households, and persons with disabilities. To maintain our strong performance in benefit programs delivery, we will focus on the following over the planning period.

- Strengthening service – We will improve our communications and enhance our electronic service offerings to promote high enrolment.
- Benefits validation – We will further refine our validation program activities and work to create a credible enforcement presence while educating benefit recipients about their rights and obligations.
- Maintaining effective relationships – We will work closely with our government clients to provide services that fully respond to their needs.

Conclusion

In today's ever-changing economic reality, now more than ever, Canadians expect a well-functioning tax and benefits system. Taxpayers and benefit recipients trust us with their information, and our government clients have confidence that we will be responsible in our dealings with Canadians. Implementing the initiatives indicated over the period covered by this plan will serve to enhance our ability to achieve our strategic outcomes.

Our Operating Environment

The Canada Revenue Agency (CRA) conducts environmental scans to better understand the external environment. We also conduct risk assessments to assess and address threats and opportunities that may affect our ability to achieve our strategic outcomes. Our Board of Management adds a broad public- and private-sector perspective to this process.

Government Environment

The recent Speech from the Throne outlined federal government priorities. It reiterated the Government's commitment to renew the Public Service of Canada and to put in place an affordable compensation regime for the Government of Canada. Although the CRA is a separate employer, it is anticipated that these priorities will have some impact on the CRA. Budget 2009 announced tax relief measures that will impact the CRA's administration of Canada's tax system, such as adjustments to tax rates, certain withdrawal limits, and benefit thresholds, as well as the introduction of the new Home Renovation Tax Credit.

The federal government continues to deal with the residual impact of previous events on Canadians' trust of government. Our protection of information and Canadians' perception of good service and responsible enforcement play a significant role in maintaining Canadians' level of trust in the CRA.

Economy

Budget 2009 announced that the global economy is in the worst recession since the 1930s. Real GDP is expected to retract and the Minister of Finance announced that, based on current uncertainties, the Government of Canada has planned budget deficits for the next four fiscal years to support the economy. The benchmark Bank of Canada interest rate has dropped to its lowest level ever and recent economic declines are prompting more cautious spending by Canadians.

In light of recent global economic and financial developments, the CRA must maintain its focus on all sectors of the economy to ensure that high levels of compliance are maintained.

Compliance Challenges

Many factors contribute to compliance challenges, including the increasingly volatile international economy, the push for business integration across borders, the complexities of electronic commerce, and demographic factors. This puts pressure on the CRA's ability to maintain high levels of compliance.

The growing level of tax debt being managed by the CRA continues to be one of its areas of risk. Recent data from Equifax showed that the average national delinquency rate of Canadians increased between March 2007 and March 2008 by 5.5%.

Demographic Trends

The recent census showed, that between 2001 and 2006, Canada had the fastest-growing population among G8 countries despite a fertility rate below the replacement level. This census also shows that immigrants represent almost 20% of our population.

Recent immigrants face challenges necessitating ongoing outreach work by the CRA to ensure that new Canadians are aware of the credits and benefits to which they may be entitled. Increased immigration from countries whose tax administration is not based on self-assessment means the CRA will need to provide more education and assistance to promote compliance with Canada's tax laws.

The CRA will have to adjust to meet the needs of an aging population. A decline in the size of the Canadian workforce is expected to begin in the next 10 years due to the inability to replace retiring baby boomers through natural growth.

Technological Change

Revenue administrations in all OECD countries increasingly rely on Information Technology (IT) solutions for services to the public, risk analysis, and compliance. The CRA relies heavily on IT to deliver its programs and service, and Canadians are demanding expanded electronic service options. Thus, we must ensure that our systems and infrastructure are robust, secure, available, reliable, and recoverable to meet current and anticipated workloads.

Meeting Our Mandate

The Canada Revenue Agency (CRA) has the mandate to administer tax, benefit, and other programs on behalf of the Government of Canada and provincial, territorial, and certain First Nations governments.

Since becoming an agency in 1999, the CRA has established itself as a high-performance, national

organization with an unparalleled capacity for program delivery. As we move into our second decade as an agency, our vision will guide us and we will pursue our priorities and make investments to support the **achievement of our strategic outcomes**.

Our Vision:

The CRA is the model for trusted tax and benefit administration, providing unparalleled service and value to its clients, and offering its employees outstanding career opportunities.

Model for Trusted Administration

We administer laws enacted by Parliament and legislatures across Canada. We strive to influence Canadians to meet their obligations, but high levels of compliance are also dependent on factors that are beyond our control. Thus, achieving total compliance is not a realistic expectation, and increasingly sophisticated tax avoidance schemes and fraudulent practices can stretch our capacity to preserve Canada's fiscal integrity.

Both on our own and working with other federal government departments, provinces, and territories, we promote responsible citizenship. We take steps to raise Canadians' awareness of their obligations and entitlements, as well as the consequences of non-compliance, and enhance their knowledge of Canada's tax and benefits system. Constant vigilance is key to ensuring that our system of administration functions properly and that fraud, non-compliance, and tax evasion are kept to a minimum.

We are constantly adapting and updating our tactics to meet the challenges of increasing business integration across borders and the changing structure of the international economy. There is a need, however, for authoritative leadership in multinational bodies and to build relationships and capabilities to protect Canada's interests and values. We will maintain our strong international presence to advance protocols and

practices to guide the work of tax administrations around the world.

Unparalleled Services and Value to Clients

The CRA is an innovative leader in providing tax and benefits services, creating new opportunities for partnerships with interested client governments and other federal government departments to reduce duplication and enable single-window delivery. This demands not only excellence of current-day operations, but also system adaptability and sustainability over the longer term.

The cost of paying tax includes the money spent to prepare, compute, and remit taxes. The Minister's action plan on burden reduction commits the CRA to annually review and report on ways to promote burden reduction. This must be done in a way that is consistent with our overall accountability for tax compliance and revenue collection.

Outstanding Career Opportunities

As part of a commitment to integrate human resource and business planning, we implemented our Agency Workforce Plan during 2008. The plan sets forward an agenda to address workforce challenges and build on our strengths, with the goal of attracting and keeping top-quality talent and creating a workplace culture of intelligent risk management and innovation.

Achieving Our Strategic Outcomes

The CRA is responsible for administering, assessing, and collecting billions of dollars in taxes annually. We contribute directly to the quality of life of Canadians by delivering tax services and benefit programs on behalf of the Government of Canada, provincial and territorial governments, and certain First Nations governments. Thus, we support the economic and social well-being of Canadians including families and children, low- and moderate-income households, and persons with disabilities.

The CRA's mandate sets out two strategic outcomes that summarize its contribution to Canadian society. The achievement of these outcomes demonstrates that we are fulfilling our mandate from Parliament.

Taxpayers meet their obligations and Canada's revenue base is protected

Eligible families and individuals receive timely and correct benefit payments

The *Report on Plans and Priorities 2009-2010* sets in motion an enterprising, multi-year agenda designed to serve as a foundation to achieve our vision. Our strategic outcomes govern the priorities we pursue and the investments we make to support those priorities.

In response to the challenges and opportunities in our operating environment, our tax and benefit focus over the planning period will be on **tax integrity**, **strengthening service**, **benefits validation**, **effective relationships**, and **business sustainability**.

The following table summarizes the contribution and linkages of our priorities to the achievement of our strategic outcomes.

Contribution of Priorities to Strategic Outcomes

Operational Priorities	Type	Links to Strategic Outcome(s)	Description
Tax Integrity	Ongoing	Taxpayers meet their obligations and Canada's revenue base is protected	Due to the nature of our tax system, based on voluntary compliance and self-assessment, the CRA relies on effective risk management to protect our revenue base. Our focus on tax integrity helps us ensure that the mechanisms that make it harder to be non-compliant are in place.
			Compliance Communications Strategy: Based on this strategy we will direct our resources to activities designed to both influence positive compliant behaviour and deter acts of non-compliance. It focuses on several areas of concern including aggressive tax planning, the underground economy, and working with tax intermediaries to help us more effectively deliver our programs and communicate compliance messages to their clients.
			Enhance our relationships with others: Building on our level of support and our rapport with central agencies, we will introduce initiatives to facilitate compliance, make administration more efficient, and permit rapid response to emerging compliance risks. This will enhance our ability to promote the sustainability of Canada's tax system.

Operational Priorities	Type	Links to Strategic Outcome(s)	Description
Strengthening Service	Ongoing	Taxpayers meet their obligations and Canada's revenue base is protected and Eligible families and individuals receive timely and correct benefit payments	Our contribution to a healthy economy, a sustainable infrastructure, and a strong democracy is based on reliable and responsive service. To that end, we will enhance and develop our services for taxpayers and businesses to ensure cost effectiveness and reliability, and to make it easier for everyone to comply with tax laws.
			The CRA will also allocate significant resources to enhancing and developing services that communicate accurate benefit and credit program information, promote enrolment, and ensure that benefit recipients receive timely and correct payments.
			Expand and enhance the suite of self-service options: We will build on our use of Internet self-service options, such as My Account, My Business Account, and Represent a client to provide secure, economic, and convenient information channels between the CRA and taxpayers, benefit recipients, and businesses.
			Optimize the telephone channel: The telephone channel remains a popular method of contact. Our ongoing support to ensure effective interactions between callers and service agents, especially when teamed with Web tools, allows us to provide accessible information and services to Canadians.
			Strengthen our outreach and communication efforts: We will focus on employing communication strategies that encourage voluntary compliance, increase awareness of our programs and services, and overcome barriers to successful service outcomes. We recognize that some segments of our population such as newcomers to Canada and persons with disabilities benefit from directed contact, and we will therefore strengthen our outreach efforts in specific targeted areas.
Benefits Validation	Ongoing	Eligible families and individuals receive timely and correct benefit payments	The integrity of our benefit and credit programs and services must be maintained. We will build on our validation activities, to deter non-compliance.
Effective Relationships	Ongoing	Taxpayers meet their obligations and Canada's revenue base is protected and Eligible families and individuals receive timely and correct benefit payments	We recognize that working co-operatively with other federal government departments, provinces, territories, and international groups supports compliance through information exchange. It also reduces administrative duplication which cuts the cost of government. We will work to improve and expand our partnerships to increase our contribution to supporting the economic and social well-being of Canadians.

Operational Priorities	Type	Links to Strategic Outcome(s)	Description
Business Sustainability	Ongoing	Taxpayers meet their obligations and Canada's revenue base is protected	Effective resource management that supports the strategic direction and priorities of the organization is key to CRA's success. In order to ensure long term sustainability of our tax system, the CRA must make the best use of its resources. This includes making sound investments to maintain a skilled and knowledgeable workforce, ensure reliable and responsive technologies, and further strengthen the protection of information.
		and	
		Eligible families and individuals receive timely and correct benefit payments	Invest in employee development: We must have the talented staff needed to ensure that the business of the CRA is supported. To remain strong and responsive to any changes in tax and benefit administration, we will follow our workforce plan, which was designed to support our modern and progressive human resources regime.
			Strengthen IT responsiveness and sustainability: The CRA collects and processes massive amounts of data using technology that is fundamental to the delivery of our mission critical programs and services. We will ensure that proper resources are invested in renewing our applications to meet growing business needs and achieve long-term sustainability.
			Further strengthen protection of information: The CRA deals with confidential taxpayer, benefit recipient, and business information. The protection of this information is essential to sustaining the public's trust. We recognize that there is risk that this information could be compromised despite our continual monitoring and technology and process improvements. We will continue to focus on ensuring the protection of information by mitigating the risks of inappropriate access or disclosure of protected information.

Measuring our Strategic Outcomes

We take the following into consideration when assessing our results against our **Tax Services** strategic outcome:

Macro Indicators	Trend in changes in personal income reported to the CRA compared with changes to personal income estimated by Statistics Canada
	Trend in changes in net GST/HST collected compared with changes in retail sales and personal expenditures
	Trend in changes in corporate income tax reported to the CRA compared with changes in corporate profits before tax estimated by Statistics Canada
	Trend in changes in net income of unincorporated businesses reported to the CRA compared with changes in net income of unincorporated businesses per Statistics Canada Nation Accounts estimates
Compliance Measures	
Registration compliance	Proportion of Canadian businesses that have registered as required by law to collect the GST/HST
Filing compliance	Proportion of the Canadian population who file their returns on time
Reporting compliance	Degree to which taxpayers report complete and accurate information
Remittance compliance	Proportion of taxpayers who owed taxes and paid the full amount on time

We assess our results against our **Benefit Programs** strategic outcome through the following indicator

Establishing eligibility for benefits	Percentage of potentially entitled recipients who receive the CCTB (reported after each census)
Correct benefit payments	Percentage of CCTB recipients who provide complete and accurate information and receive the proper entitlement
	CCTB overpayment debt as a percentage of payments issued
Timely benefit payments	Percentage of payments received by benefit recipients on time
The CRA is the provider of choice	Number of benefit programs and services administered

Planning Summary Tables

The following table set out the total financial and human resources needed to deliver on our priorities, including a breakdown of program activities and their

financial resources. The table below also shows their alignment with the Government of Canada outcomes.

Agency Resources

	Forecasted Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Planned Spending (thousands of dollars)	4,567,369	4,387,974	3,942,782	3,932,593
Full-Time Equivalent (FTE)	39,795	39,481	39,325	39,286

Alignment to Government of Canada Outcomes

Strategic Outcome: Taxpayers meet their obligations and Canada's revenue base is protected					
Performance Indicators		Targets			
Refer to each individual program activity for performance indicators related to that activity.		Refer to individual program activity section to see targets related to their performance indicators.			
Program Activity (thousands of dollars)	Forecast Spending ¹	Planned Spending			Alignment to Government of Canada Outcomes
	2008-2009	2009-2010	2010-2011	2011-2012	
Taxpayer and Business Assistance (PA1)	691,584	690,626	259,831 ²	257,466 ²	Government Affairs
Assessment of Returns and Payment Processing (PA2)	629,996	587,917	581,637	581,639	Government Affairs
Accounts Receivable and Returns Compliance (PA3)	449,371	429,712	423,985	423,627	Government Affairs
Reporting Compliance (PA4)	949,249	922,077	918,915	914,989	Government Affairs
Appeals (PA5)	117,407	126,895	127,443	123,561	Government Affairs
Strategic Outcome: Eligible families and individuals receive timely and correct benefit payments					
Benefit Programs (PA6)	335,679	331,566	336,985	342,000	Economic Affairs: Income security and employment for Canadians
Strategic Outcome ³ : Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints					
Taxpayers' Ombudsman	3,363	3,328	3,330	3,330	Government Affairs
The following program activity supports all strategic outcomes within this organization					
Internal Services (PA7)	1,390,720	1,295,854	1,290,656	1,285,981	Government Affairs
Total Agency	4,567,369	4,387,974	3,942,782	3,932,593	

¹ The CRA 2008-2009 Estimates are broken down in seven program activities only; the forecasted spending amounts shown under eight program activities are for comparison purposes only with 2009-2010 through to 2011-2012.

² Excludes forecasted payments to the provinces under the *Softwood Lumber Products Export Charge Act, 2006*, which are unavailable at this time (\$419M in 2008-2009 and \$429M in 2009-2010).

³ In 2009-2010, the CRA introduced a third Strategic Outcome to account for the newly-created Taxpayers' Ombudsman. Since the Taxpayers' Ombudsman operates at arm's length from the CRA, while still reporting to the Minister of National Revenue, only the budget associated with the Taxpayers' Ombudsman is included in this document.

Expenditure Profile

For the 2005-2006 to 2008-2009 periods, the total spending includes all Parliamentary appropriations and revenue sources: Main Estimates, Supplementary Estimates, Treasury Board Vote 5 – Government Contingencies, Vote 15 – Compensation Adjustments and Vote 23 – Paylist Requirements as well as carry forward adjustments. It also includes spending of revenues received through the conduct of CRA's operations pursuant to Section 60 of the *Canada*

Since 2005-2006, Canada Revenue Agency's Vote 1 reference levels have increased primarily as a result of: collective agreements / contract awards; legislative, enhanced audit and enforcement measures, including policy and operational initiatives arising from various Federal Budgets and Economic Statements; the transfer from the Department of Public Works and Government Services Canada for accommodations and real property services; and the assumption of the responsibilities related to the Corporate Tax Administration for Ontario, the Softwood Lumber Agreement and Inter-Provincial Compliance.

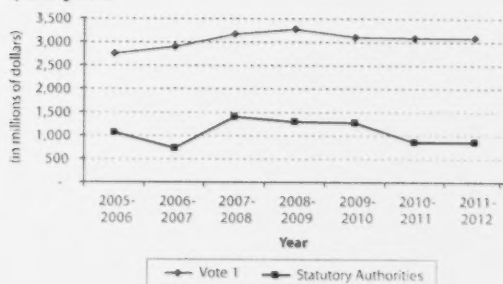
The increases to Vote 1 have been offset by a number of reduction exercises including: the Expenditure Review and Procurement Reductions, the 2006 Expenditure Restraint Program, the 2007 Federal Budget Cost Efficiency Savings, the 2008 Federal

Revenue Act, Children's Special Allowance payments, payments to private collection agencies pursuant to Section 17.1 of the *Financial Administration Act* and Payments to the provinces under the *Softwood Lumber Products Export Charge Act, 2006*. For the 2009-2010 to 2011-2012 periods, the total spending includes the planned spending and revenues but excludes carry forward adjustments as these are unknown at this point.

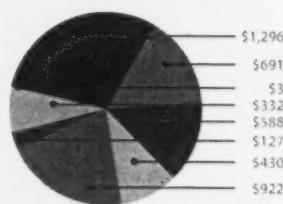
Budget Strategic Review reductions, the Procurement Reform and Cost Efficiency Savings.

The Agency Statutory Authorities have fluctuated over the course of the 2005-2006 to 2011-2012 period as a result of: adjustments to the Children's Special Allowance payments for eligible children in the care of specialized institutions; adjustments to the rates for the contributions to employee benefit plans; increases to the spending of revenues received through the conduct of operations pursuant to Section 60 of the *Canada Revenue Act*; the introduction from 2007-2008 to 2009-2010 of payments to private collection agencies pursuant to Section 17.1 of the *Financial Administration Act*; and the payments to the provinces under the *Softwood Lumber Products Export Charge Act, 2006*.

Spending Trend



2009-2010 Planned Spending (in millions of dollars)



■	Taxpayer and Business Assistance (\$691)
■	Assessment of Returns and Payment Processing (\$588)
■	Accounts Receivable and Returns Compliance (\$430)
■	Reporting Compliance (\$922)
■	Appeals (\$127)
■	Benefit Programs (\$332)
■	Taxpayers' Ombudsman (\$3)
■	Internal Services (\$1,296)

Voted and Statutory Items

Vote or Statutory Item	Truncated Vote or Statutory Wording	Main Estimates 2009-2010	Main Estimates 2008-2009
		(thousands of dollars)	
1	Program expenditures and recoverable expenditures on behalf of the <i>Canada Pension Plan</i> and the <i>Employment Insurance Act</i>	3,114,391	2,933,062
(5)	Minister of National Revenue – Salary and motor car allowance	78	76
(5)	Spending of revenues received through the conduct of its operations pursuant to Section 60 of the <i>Canada Revenue Agency Act</i>	204,803	161,263
(5)	Contributions to employee benefit plans (EBP)	413,423	400,644
(5)	Children's Special Allowance payments	221,000	219,000
(5)	Payments to private collection agencies pursuant to Section 17.1 of the <i>Financial Administration Act</i>	5,279	23,316
(5)	Payments to provinces under the <i>Softwood Lumber Products Export Charge Act, 2006</i>	429,000	0
	Total Agency	4,387,974	3,737,361

The 2009-2010 Main Estimates for the Canada Revenue Agency (CRA) increased by \$650.6M from 2008-2009; the changes are mainly comprised of:

A net increase of \$181.3M in Vote 1 made up of:

- an increase of \$63.9M related to collective agreements;
- an increase of \$67.4M related to assumption of responsibility for the Corporate Tax Administration for Ontario;
- an increase of \$47.0M related to the 2007 and 2008 Federal Budgets to address legislative and policy initiatives as well as operational measures;
- an increase of \$29.4M related to the transfer from PWGSC for accommodation and real property services;
- a decrease of \$26.4M related to 2008 Federal Budget strategic review reductions, the procurement reform cost efficiency savings in the 2007 Federal Budget and other minor adjustments.

An increase of \$43.5M in Respendable Revenue related mainly to Information Technology services provided by the Canada Revenue Agency to the

Canada Border Services Agency (CBSA) and for activities related to the Corporate Tax Administration for the Province of Ontario.

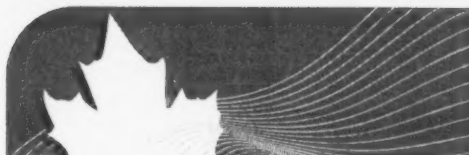
An increase of \$12.8M in contributions to EBP related mainly to collective agreement increases and the Corporate Tax Administration for Ontario.

An increase of \$2.0M to Children's Special Allowance related to allowances for eligible children in care of specialized institutions.

A decrease of \$18.0M related to the payments to private collection agencies pursuant to Section 17.1 of the *Financial Administration Act*.

An increase of \$429.0M related to the payments to provinces under the *Softwood Lumber Products Export Charge Act, 2006*.

Recognizing the increasing amount of capital assets that the CRA is procuring and building, primarily IT hardware and software assets, the CRA has indicated to the Treasury Board of Canada its intention to introduce a capital vote in 2010-2011, and is actively working towards this goal.

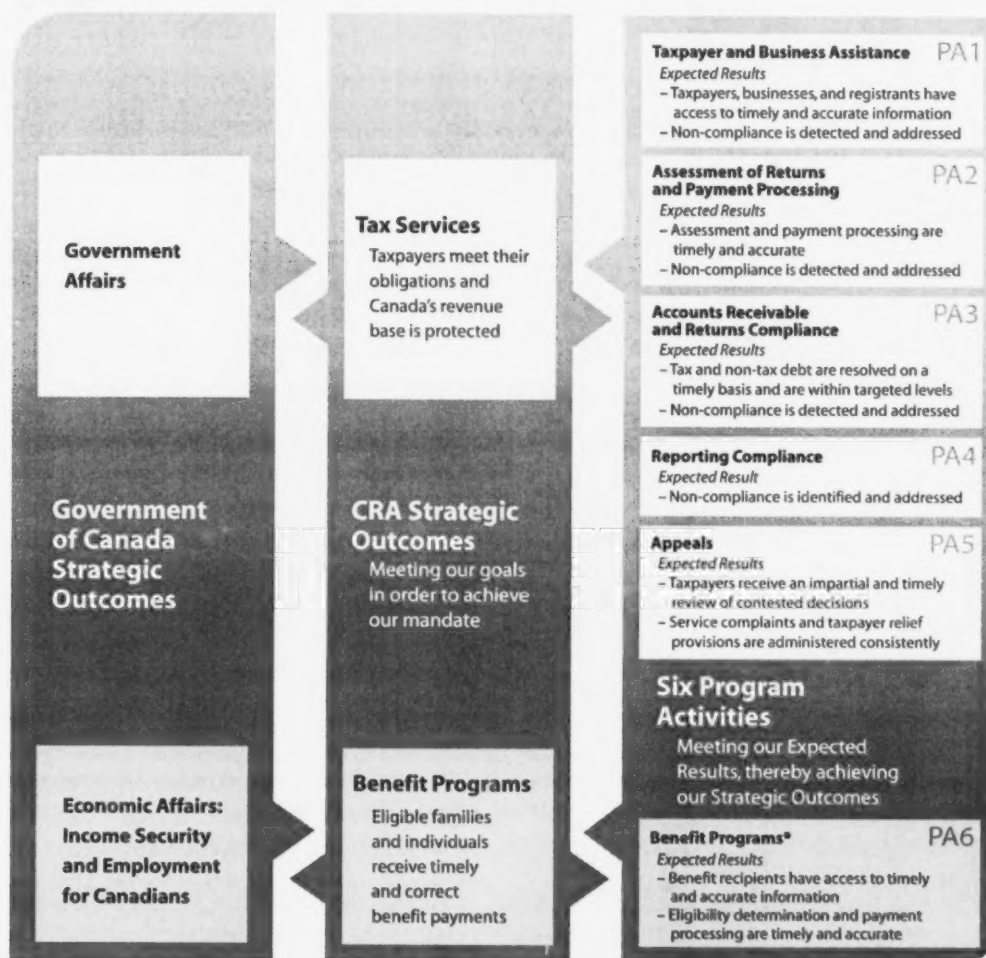


Section II: Analysis of Program Activities by Strategic Outcome

Overview

Our Program Activity Architecture identifies our program activities and demonstrates how they link to our strategic outcomes. This framework is based on the Management, Resources and Results Structure, established by the Treasury Board of Canada Secretariat on April 1, 2005, which provides a structure for organizing, integrating, and presenting plans, budgets, and performance measures.

For each program activity, we present planned spending, priorities, and related deliverables for the planning period, as well as a broad overview of human resource challenges to demonstrate the integration of our business and human resources planning.



* As the number of benefits-related requests for redress is negligible, the workload is handled under Appeals – Tax Services (PA5).

Taxpayer and Business Assistance (PA1)

Benefit to Canadians

Our aim is to ensure that taxpayers, businesses, and registrants are provided with the tools, assistance, and information needed to voluntarily comply with their tax obligations. In addition, we clarify the interpretation of the tax laws to protect Canada's revenue base.

Planned Spending by Program Activity

	Forecasted Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Planned Spending (thousands of dollars)	691,584	690,626	259,831 ¹	257,466 ¹
Full-Time Equivalents (FTE)	4,107	4,137	4,154	4,135

¹ Excludes forecasted payments to the provinces for the *Softwood Lumber Products Export Charge Act, 2006*, which are unavailable at this time (\$419M in 2008-2009 and \$429M in 2009-2010)

Sub-Activity: Enquiries and Information Services

Expected Result and Measures

Expected Result – Taxpayers, businesses, and registrants have access to timely and accurate information	
Our Indicators	Current Target
Key service standards (refer to the service standards for PA1 in Section IV)	Various
Percentage of information products provided in print and on the Web site on time as per work plans	100%
Percentage of accurately updated internal reference materials for taxpayer services agents	100%
Percentage of general and business callers who succeed in reaching our telephone service	90%

Our Priorities

Strengthening Service

The key to a fair revenue administration is ensuring that information regarding taxpayer obligations is timely and accessible. Canadians are using multiple channels (Web, My Account, My Business Account, telephone, in-person) to satisfy their service requirements.

We will expand our research and analysis to better understand segments of the taxpayer population and their service needs and expectations. This will help us make decisions about product and service design, development, and improvement. We will **enhance the suite of self-service options** on the Web to reduce the need for taxpayers to call or visit an office for information and assistance. This will be supported

by printed publications, telephone support for more complex enquiries, and in-person service.

Our approach is in line with a general trend among tax agencies, as reported by the OECD. Most want to shift taxpayer contact from face-to-face interactions to more self-service options, with agent assistance readily accessible to support self-service when required. This can be accomplished through help lines to facilitate online services or through agents to explain the more complex situations or deal with account-specific issues and transactions.

We will **optimize the telephone channel** as it remains a popular way for taxpayers to contact us. Our 1-800 telephone services provide help and information to taxpayers through automated and agent-assisted services 24 hours a day, 7 days a week. These networks balance call volumes across the

country and allow us to provide more cost-effective service.

We find that Internet and telephone service channels complement each other. Taxpayers can self-serve to obtain information on the Web site, which frees up our telephone agents to respond to the longer, more complex account-specific enquiries. We will enhance training and job aids for our agents to help them respond more efficiently to complex calls. Our planned development of new multimedia training products and applications linking agents' desktops to appropriate reference material will reduce the time needed to research topics, enabling faster responses.

We acknowledged that our previous caller accessibility targets for individual and business enquiries were not high enough to satisfy needs. Consequently, we increased these targets to 90% for 2008-2009 and will maintain these enhanced targets.

Over the planning period we will continue to conduct studies on the individual enquiries and business enquiries business lines. As well, our quality assurance program will be further enhanced through improved online data capture of agent accuracy assessments. Data gathered will be used to strengthen

call quality, as well as identify agent training needs, procedural and accuracy trends, and product and service gaps.

We will **strengthen outreach** activities to increase our visibility in the community and help make taxpayers and benefit recipients aware of their obligations and entitlements. Conducting our own research, as well as considering the results of research papers from other agencies, helps us identify areas on which to focus our outreach activities.

We are exploring partnerships with other government departments for a joint approach to outreach activities. We are also reviewing the prospect of working with organizations to deliver initiatives such as the Community Volunteer Income Tax Program (CVITP).

We continue to seek opportunities to maximize our use of technology in conducting outreach activities. Examples include the development of a CVITP CD, which can be used to train volunteers and bring the program to areas we could not previously reach.

The program priorities we will pursue over the planning period are listed in the table below.

Priority Initiatives

Priorities	Deliverables	Dates
• Enhance the suite of self-service options	• Conduct analysis on channel demand, use, and integration	• 2009-2012
	• Target taxpayer population segments through improved navigation, architecture, and content management	• 2009-2012
	• Enhance authoring tools and business processes	• 2009-2010
• Optimize the telephone channel	• Maintain enhanced caller accessibility	• 2009-2010
	• Conduct Profile of Enquiries studies	• 2009-2012
	• Enhance the quality assurance program, agent training, and agent tools	• 2009-2012
• Strengthen outreach	• Enhance targeting and customization – changing demographics and economic trends	• 2009-2012
	• Increase partnerships and innovate in delivering services	• 2009-2012
	• Maximize the use of technology	• 2009-2012

Human Resources Challenges

The primary challenge we face in this program sub-activity is attracting and retaining a flexible part-time workforce to efficiently meet fluctuating program

demands. In addition, we must find ways to change our work approaches so that less work is bound by geography.

Sub-Activity: Legislative Policy and Regulatory Affairs

Expected Results and Measures

Expected Result – Taxpayers, businesses, and registrants have access to timely and accurate information	
Our Indicators	Current Target
Key service standards (refer to the service standards for PA1 in Section IV)	Various
Percentage of Canada Pension Plan/Employment Insurance (CPP/EI) rulings issued within targeted timeframes	85%
Percentage of responses to simple applications for charitable registration (two months) and to regular applications (six months) provided within targeted timeframes	80%
Percentage of registered plans applications reviewed within established timeframes	85%
Percentage of charities callers that reach our telephone service	90%

Expected Result – Non-compliance is detected and addressed	
Our Indicators	Current Target
Percentage of excise audits and regulatory reviews completed compared with planned	90%
Percentage of registered plan audits completed compared with planned	100%
Percentage of registered charities audits completed compared with planned	100%

Our Priorities

Tax Integrity

We deal with the challenges of non-compliance by continually enhancing the effectiveness of our excise programs. To this end, in cooperation with other federal government organizations, we work diligently to maintain and enhance compliance with Canada's tobacco laws and to support our partners as they address the issue of contraband tobacco.

During the planning period, we will maintain our efforts to implement an innovative Tobacco Compliance Strategy, which includes increased verification for manufacturers, additional monitoring and control of raw leaf tobacco growers, and an enhanced **tobacco stamping regime**. We will also:

- introduce an innovative stamp to strengthen controls over the manufacture and distribution of tobacco products, and
- work with national and international partners in the development of additional practical and effective measures to control the production and distribution of tobacco products.

This will enhance compliance with Canada's tobacco tax laws, reducing the illicit trade in tobacco products.

We will implement a **risk-based approach to registered plans** to streamline the registration process, and we will increase the audit coverage through random and targeted audits.

To improve the overall regulatory environment, we also intend to expand our collaboration with provincial and territorial governments. We will focus our efforts on **inter-provincial tax avoidance** to address the techniques used by corporations to shift income between provinces and territories.

Strengthening Service

We will work to improve our performance in issuing advance income tax rulings within an average of 60 days.

As part of our strategy to enhance service delivery, we will upgrade our toll-free enquiries line for registered plans, make more information available on our Web site, and improve our outreach activities and electronic publications.

In an effort to **modernize and strengthen the charities program**, we will enhance our electronic service offerings and access to program information through the Internet, starting with a new section for donors. We will pursue the smooth implementation of a graduated approach to administering the new

sanctions regime. We will also implement the *Charities Registration (Security Information) Act*, which supports Canada's national security agenda and international obligations to counter terrorism.

We will **modernize and improve the Canada Pension Plan/Employment Insurance (CPP/EI)**

rulings program to include converting requests for CPP/EI rulings to electronic format.

The program priorities we will pursue over the planning period are listed in the table below.

Priority Initiatives

Priorities	Deliverables	Dates
• Implement a new tobacco product stamping regime with covert and overt security features	• Enhance ability to detect counterfeit stamps	• 2009-2010
• Continue the implementation of a risk-based approach to registered plans	• Streamline the registration process using a risk-based approach	• 2009-2010
	• Enhance outreach and improve information to clients in the deferred income plans sector	• 2009-2010
	• Develop and implement a suite of systems to improve data accuracy, allow for workload tracking and monitoring, and facilitate statistical reporting	• 2009-2010
• Inter-provincial tax avoidance	• Produce position papers for CRA auditors, appeals officers, and private practitioners	• 2009-2010
• Income trusts	• Issue Income Tax Technical News publications	• 2009-2010
• Modernize and strengthen the charities program	• Develop electronic capabilities to enhance filing of charities information returns (T3010)	• 2010-2011
	• Support Canada's national security agenda by continuing to implement the <i>Charities Registration (Security Information) Act</i>	• 2009-2010
• Modernize and improve the CPP/EI rulings program	• Convert requests for rulings from paper to electronic format	• 2009-2010

Human Resources Challenges

The CRA must ensure that it maintains the technical knowledge base required to continue serving as Canada's ultimate authority for the interpretation of tax legislation. Methodologies for profiling key technical areas within the CRA, as well as the associated technical knowledge, are in the process of being developed. Such a diagnostic exercise will serve as an essential step in determining risk areas, and in establishing an inventory of technical knowledge and

experience requirements that form the basis of the CRA's technical capacity. From this inventory, recruitment, staffing, succession planning, and knowledge transfer strategies can be developed to address any gaps, whether current or forecasted. Such an exercise is even more important considering the CRA's susceptibility to changes in technical knowledge requirements, which result from the expanded use of the tax system by governments.

Assessment of Returns and Payment Processing (PA2)

Benefit to Canadians

Our aim is to deliver efficient and effective high-volume processing of individual and business tax returns and payments, thereby promoting voluntary compliance and contributing to the protection of Canada's revenue base.

Planned Spending by Program Activity

	Forecasted Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Planned Spending (thousands of dollars)	629,996	587,917	581,637	581,639
Full-Time Equivalents (FTE)	7,117	6,511	6,442	6,451

Expected Results and Measures

Expected Result – Assessment and payment processing are timely and accurate	
Our Indicators	Current Target
Key service standards (refer to the service standards for PA2 in Section IV)	Various
Percentage of T1 returns and adjustments assessed accurately	Various
Percentage of T2 returns assessed accurately and on time	Various
Percentage of payments by individuals and businesses to the Receiver General deposited within 24 hours of receipt	96%
Percentage of Business Number registrations processed within 10 working days	95%
Trend in the rate of electronic filing for individuals, eligible corporations, T4s, and GST/HST returns	Upward

Expected Result – Non-compliance is detected and addressed	
Our Indicators	Current Target
Value of tax assessed through pre-assessment reviews	n/a
Ratio of dollar value of targeted reviews versus random reviews	n/a
Ratio of dollars assessed through targeted reviews versus total revenue at risk for target population	n/a

Our Priorities

Tax Integrity

We will **optimize program efficiency and accurate assessment of tax owed** through enhancement and integration of common data systems to add efficiencies and allow the transmission of electronic communication to businesses. We will also remove specific barriers and exclusions for electronic filing.

We will augment our processing and assessing system to handle increased volumes, accept a higher number of information slips, and provide up-front validation of data submitted. This will enable us to improve services for taxpayers, facilitate compliance, and

reduce the necessity for post-filing contact due to issues with information slips.

Because front-end processing is automated, we will **enhance our ability to address non-compliance** by focusing on following through on discrepancies, correcting errors, validating claims, and helping individuals and businesses comply in areas of new legislation. We will implement all required federal, provincial, and territorial legislative changes, giving effect to the tax agendas of governments across Canada and promoting efficiency in delivery.

Strengthening Service

As Canadians increasingly embrace our service modernization initiatives, we will continue to promote multiple, integrated, and accessible channels, while encouraging and enabling more individuals and businesses to conduct their tax and benefit affairs electronically. We have already made significant investments in upgrades to ensure that our systems are state of the art, and we will allocate additional resources over the planning period to support further modernization of our remaining core systems.

We will **enhance our electronic services** such as My Account, My Business Account, and Represent a client to provide quick and easy delivery of individual and business tax information and services. We will enhance electronic payment options for individuals and small businesses through the My payment e-service.

During the planning period, enhancements to My Account will enable Canadians to view their Tax-Free Savings Account (TFSA) information online. Beginning in 2009, the TFSA will allow Canadians to set money aside in qualifying investment vehicles and watch those savings grow tax-free. In 2010, the CRA will determine and provide the TFSA contribution room for each eligible individual who files an income tax return.

We will **maintain and enhance our relationships with partners**, working with stakeholders to increase the use of e-services and the use of the Business Number as a common identifier for business and government at the federal, provincial, and territorial levels. The 2009 implementation of harmonized corporate tax returns for Ontario corporations will deliver enormous service benefits for businesses, and it will further promote the take-up of electronic filing.

The program priorities we will pursue over the planning period are listed in the table below.

Priority Initiatives

Priorities	Deliverables	Dates
• Optimize program efficiency and the accurate assessment of tax owed	• Enhance the system capacity for filing and error detection	• 2009-2010
	• Implement a performance measurement framework to evaluate and improve the CRA's filing and assessment processes related to Ontario corporation tax	• 2009-2010
• Enhance our ability to address non-compliance	• Optimize risk assessment capabilities of our compliance programs and opportunities to enhance taxpayer education	• 2009-2012
	• Strengthen our partnership with provinces and territories to develop new compliance review processes	• 2009-2012
	• Analyze the implementation of electronic documents policy/ processes for the CRA	• 2009-2012
• Enhance our electronic services	• Enhance the My Account, My Business Account, and Represent a client services	• 2009-2012
	• Promote electronic services	• 2009-2012
	• Expand the population eligible to file electronically	• 2009-2012
	• Introduce My Payment	• 2009-2012
• Maintain and enhance effective relationships	• Introduce harmonized federal-Ontario corporation tax filing	• April 2009
	• Increase the use of the Business Number as a common identifier	• Ongoing

Human Resources Challenges

Our ability to provide high-quality, cost-effective service relies heavily on having skilled people in the right places. Consequently we must have effective

succession planning to ensure that knowledgeable and skilled people are in place to support our field operations.

Accounts Receivable and Returns Compliance (PA3)

Benefit to Canadians

Our aim is to promote and enforce compliance with Canada's tax laws for filing, withholding, registering, remitting and debt obligations, including those amounts collected or withheld in trust on behalf of the Government of Canada, as well as the provinces, the territories, and certain First Nations governments.

Planned Spending by Program Activity

	Forecasted Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Planned Spending (thousands of dollars)	449,371	429,712	423,985	423,627
Full-Time Equivalents (FTE)	7,303	7,216	7,253	7,274

Expected Results and Measures

Expected Result – Tax and non-tax debt are resolved on a timely basis and are within targeted levels	
Our Indicators	Current Target
Percentage of intake resolved in the year of intake	60%
Dollar value of TSO production as a percentage of dollar value of TSO intake of new accounts receivable	90%
Accounts receivable over five years old	\$2.7B
Meet Expenditure Review Committee commitments	\$27.5M

Expected Result – Non-compliance is detected and addressed	
Our Indicators	Current Target
Percentage of returns, summaries, and remittances identified as outstanding that were obtained through our intervention	Various
Number of businesses identified as required to register for GST/HST and subsequently registered as a result of our intervention	Various

Our Priorities

The majority of Canadians comply with tax laws and their obligations. However, there is a need to continue with our efforts to deter those individuals who are participating or contemplating participating in remittance non-compliance.

Tax Integrity

Key Corporate Risk: Growth in tax debt

Strategy to address: Develop an initial tactical plan based on our risk management framework

Managing the level of tax debt is critical to preventing any potential erosion of Canada's revenue base. The level of tax debt is influenced by numerous factors, including many variables that are outside of

our control, such as changing taxpayer compliance patterns, economic stability on an international scale, and growth in the number of strategic bankruptcies.

Over the planning period we will dedicate resources to a range of key activities. We will enhance our risk strategy framework to assess the risks presented by different segments of the debt inventory, and we will address our capacity to deal with the growth in debts arising from such activities as aggressive international tax planning. We will establish the liaison function and protocol to ensure that issues from any overlap in common accounts with the Ministry of Revenue of the Province of Ontario are addressed. Additionally, we will finalize the implementation of our insolvency

strategy to identify high-risk strategic bankruptcies and to help eliminate bad debts as soon as possible.

We will improve the detection of remittance, filing, and withholding non-compliance for employers and GST/HST registrants. Our compliance strategies have a significant and positive influence on the tax base. For example, the total revenue being generated from payroll taxes and remitted to the government increases each year. The CRA will also continue to partner with internal and external stakeholders to reduce the withholding, remitting, and reporting burden for small businesses.

The creation and **implementation of the Trust Compliance National Inventory** will allow more efficient and effective resolution of employer non-compliance. This strategy will also eliminate restrictive geographic boundaries.

The **Performance Management Framework** is the foundation of how we measure our successes in

identifying and addressing non-compliance in this program activity. We will improve this framework to better reflect the work we do and the measurement of our results, in terms of identifying and addressing non-compliance with filing, registering, remitting, and reporting requirements.

The CRA has also developed strategies that focus on improving non-compliance in the areas of GST/HST filings and registrations, and personal and corporate income tax filings. We will use new risk-assessment and data-mining techniques to improve the detection of filing and registration non-compliance.

Our focus on **maintaining and enhancing the non-filer/non-registrant underground economy identification projects** will help combat the underground economy by targeting industry-specific projects.

The program priorities we will pursue over the planning period are listed in the table below.

Priority Initiatives

Priorities	Deliverables	Dates
• Manage the level of tax debt	• Develop initial tactical plan based on risk management framework	• 2009-2010
	• Address inventory growth attributable to reporting non-compliance through active participation in horizontal agency committees	• 2009-2010
• Implement the transition of the collection activities	• Implement the transition of the collection activities for defaulted Canada Student Loans from private collection agencies to the CRA	• 2009-2010
• Implement the Trust Compliance National (TCN) Inventory	• Implement TCN Inventory	• 2009-2010
• Improve the Performance Management Framework	• Revise the Performance Management Framework to better reflect our efforts in identifying and addressing non-compliance as our programs and systems continue to evolve	• 2011-2012
• Maintain and enhance non-filer/non-registrant underground economy identification projects	• Increase the emphasis on underground economy identification projects	• 2009-2010

Human Resources Challenges

As we move forward with implementing new tools and resources, our employees will face the challenges of learning and adapting to new technologies. It is critical to our success that we ensure that our

workforce is skilled and knowledgeable. Therefore, there is a need to develop and provide innovative training tools for our workforce in a timely manner.

Reporting Compliance (PA4)

Benefit to Canadians

Our aim is to help protect Canada's tax revenue through a range of verification, audit, and enforcement activities, as well as through education. Our activities focus on the accuracy and completeness with which taxpayers determine their tax liability.

Planned Spending by Program Activity

	Forecasted Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Planned spending (thousands of dollars)	949,249	922,077	918,915	914,989
Full-Time Equivalents (FTE)	10,790	10,563	10,449	10,415

Expected Result and Measures

Expected Result – Reporting non-compliance is identified and addressed	
Our Indicators	Current Target
Percentage of the major reporting compliance workloads completed compared with planned (completion rate)	100%
Percentage of Voluntary Disclosures Program cases validated by quality assurance reviews (under review)	90%
Percentage of risk-assessed activities resulting in the detection of non-compliance (change rate)	Upward trend
Key service standards (refer to the service standards in Section IV)	Various

Our Priorities

Part of the way we earn the trust of Canadians is by dealing effectively with those who choose to operate outside of the tax system. Canadians want to see evidence of a fair and equitable tax administration; they want to see the results of actions taken against those who are not compliant.

Key Corporate Risk: Non-compliance with tax legislation

Strategy to address: Identify the highest risks and adjust program priorities to address them

Tax Integrity

We are working to **address high-risk areas, such as Aggressive Tax Planning, the Underground Economy, and GST/HST high-risk compliance.**

We are building our business intelligence through strengthened compliance research and risk assessment techniques, including the development of risk profiles of taxpayer segments. We are also taking measures to

address other compliance issues, such as the concerns of provinces and territories regarding inter-provincial tax avoidance and provincial/territorial income allocations.

We will use communications as a compliance tool. Taxpayers will be informed about the risks of non-compliance and about the results of compliance actions that the CRA has undertaken. Such communication helps to enhance the public's trust that the CRA is actively protecting Canada's tax base.

Tax intermediaries are an integral component of Canada's tax system. The majority perform a valuable role in explaining complex tax laws to their clients, assisting them in planning their tax affairs in a manner that legitimately minimizes taxes owing, while ensuring the full benefit of the many social and economic incentive programs delivered by the tax system.

At the same time, the CRA is aware that some intermediaries encourage non-compliance and, in such instances, the CRA will use all available

enforcement tools to address those who do not comply, or encourage others not to comply, with Canada's tax laws.

We will **strengthen intelligence-based risk profiling** by expanding the use of information gained at the local, regional, national, and international levels. We will further strengthen compliance research and risk assessment by linking our research agenda to the agency compliance priorities, which will allow us to gather intelligence and identify risk in support of business planning, resource allocation, and program development.

Compliance System Redesign (CSR) is a major business transformation initiative designed to enhance our capacity to manage compliance programs more effectively. CSR provides a modern business solution that will enhance our ability to target non-compliance and select appropriate files for audit by improving our

risk assessment, workload selection, and audit tools and processes.

Strengthening Service

We will **enhance the administration of the Scientific Research and Experimental Development (SR&ED) program** to make it more effective for Canadian businesses. Our actions will facilitate access to the program, improve its consistency and predictability, and enhance the quality of the claims process.

We will **enhance the administration of the Voluntary Disclosures Program** by updating our policies and procedures and improving training and monitoring to make the administration of the program more consistent across the country.

The program priorities we will pursue over the planning period are listed in the table below.

Priority Initiatives

Priorities	Deliverables	Dates
• Address aggressive tax planning	• Implement an international tax compliance action plan	• 2009-2010
	• Implement an inter-provincial tax avoidance and provincial income allocation action plan	• 2009-2010
	• Enhance risk assessment and identification of high-risk international tax avoidance cases	• 2009-2011
• Combat the underground economy	• Implement and evaluate the Atlantic Region Underground Economy Compliance Measurement initiative	• 2009-2012
	• Implement and evaluate the results of phase one of the Electronic Suppression of Sales Strategy	• 2009-2011
	• Continue to implement the Underground Economy Compliance Strategy action plan stemming from the 2004 Agency Compliance Review	• 2009-2012
• Focus on GST/HST high risk compliance	• Evaluate and report on pilot projects	• 2009-2011
	• Implement and evaluate the Interactive Warning System Products Initiative pilot project	• 2009-2011
	• Continue to implement the GST/HST High Risk Compliance Strategy action plan stemming from the 2004 Agency Compliance Review	• 2009-2012
• Use communications as a compliance tool	• Implement the compliance communications strategy action plan	• 2009-2010
	• Evaluate results of the compliance communications strategy action plan	• 2010-2011
• Take steps to further engage tax intermediaries	• Develop and implement specific action plans based on taxpayer segments for engaging tax intermediaries (large business, SR&ED, small and medium enterprises)	• 2009-2011

Priorities	Deliverables	Dates
• Strengthen intelligence-based risk profiling	• Strengthen the current risk and research function within the Compliance Programs Branch and its role in the CRA with respect to compliance research and risk	• 2009-2010
• Implement elements of Compliance Systems Redesign	• Improve risk assessment data supply, enhance workload management, and introduce audit and investigative tools through Release 1	• 2009-2010
	• Increase user functionality and data for research, risk assessment, workload selection, and audit and investigative tools through Release 2	• 2010-2011
	• Incorporate final enhancements and improvements to research, risk assessment, workload selection, and audit and investigative tools through Release 3	• 2011-2012
• Enhance the SR&ED program	• Enable the Netfiling of SR&ED claims through a simplified Form T661	• 2009-2010
	• Increase the SR&ED program's scientific capacity and improve services to claimants	• 2009-2010
	• Consolidate and clarify SR&ED policies and related guidance documents	• 2010-2011
• Enhance the Voluntary Disclosures Program (VDP)	• Update and streamline policies and procedures to improve VDP administration	• 2009-2010
	• Improve training and the monitoring of the program to ensure national consistency	• 2009-2010

Human Resources Challenges

We will develop effective learning tools and training programs to facilitate and build capacity through a number of initiatives. These include increasing the technical capacity of our auditors by re-engineering

the model for delivering of auditor technical training. In addition, our Compliance Programs Workforce Strategic Plan will guide the recruitment, retention, and knowledge transfer of our workforce.

Appeals (PA5)

Benefit to Canadians

Our commitment is to fairness, and our aim is to provide a timely redress process, whereby taxpayers can dispute CRA decisions regarding their income tax, commodity tax, and CPP/EI files, or register their complaints about the services they have received from the CRA.

Planned Spending by Program Activity

	Forecasted Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Planned Spending (thousands of dollars)	117,407	126,895	127,443	123,561
Full-Time Equivalents (FTE)	1,238	1,339	1,337	1,328

Expected Results and Measures

Expected Result – Taxpayers receive a timely and impartial review of contested decisions	
Our Indicators	Current Target
Appeals activities that meet internal standards for consistency and transparency (per our Quality Assurance Program)	Various
Service standard for initial contact	85%
Service standard for average workable days to complete processing income tax, commodity taxes, and CPP/EI disputes	Under review
Average workable days to complete a case	Various
Average age of inventory in process	Neutral or downward trend

Expected Result – Service complaints and the taxpayer relief provisions are administered consistently	
Our Indicators	Current Target
Acknowledgement of service complaints within 48 hours	90%
Taxpayers with service complaints are contacted within 15 days	90%
Consistent application of taxpayer relief provisions (per Quality Assurance Program)	90%

Our Priorities

Consistent with a tax system that is fair and just, when taxpayers disagree with us we provide them with the opportunity for redress. Over the planning period, we will review our processes with a view to improving productivity, while keeping in mind the need to provide a correct decision in all cases. In addition, we will seek opportunities to enhance our online appeals services to meet taxpayer demand.

We will **integrate the Problem Resolution Program and our CRA Service Complaints initiative**. The CRA Service Complaints, Taxpayer Bill of Rights, and Taxpayers' Ombudsman initiatives were

introduced to provide taxpayers with an additional level of confidence in the CRA's service. We will support these initiatives by resolving service level complaints and providing a link to the taxpayer and the appropriate CRA function or the Taxpayers' Ombudsman.

We will implement a new taxpayer relief provisions system. This will enable better tracking and management of the requests for taxpayer relief and allow us to improve our reporting and analysis capabilities.

We will **address the challenges of dealing with increasing mandatory workloads**, revising our

performance measures to reflect the realities of our programs. Of particular note are our current transparency targets related to income tax and commodity tax objections and appeals. The 100% targets, though ideal, are unattainable and will be revised.

We will ensure a smooth transition for the successful implementation of the Corporate Tax Administration

for Ontario initiative as it affects appeals activities. This will be achieved through the seamless integration of objection and appeals activities and result in a reduction in the compliance burden for Ontario corporations.

The program priorities we will pursue over the planning period are listed in the table below.

Priority Initiatives

Priorities	Deliverables	Dates
Fully integrate the Problem Resolution Program and CRA Service Complaints initiatives	Develop a communications strategy and revise tools (InfoZone, publications, communications to unions, communications to staff, Work Force Adjustment considerations, and manuals)	2009-2010
Address the challenges in dealing with increasing mandatory workloads	Develop strategies to address current and projected mandatory workloads	2009-2012

Human Resources Challenges

In certain areas of the country, staffing realities challenge the capacity of the appeals program activity. Historically, appeals staff has been recruited primarily from CRA audit staff for which there has been a wide career scope. Our challenge is to enhance the

relatively specialized appeals function through our own demographic analysis and the ability to move work between offices and regions to provide opportunities for enhancing the career path of appeals officers.

Benefit Programs (PA6)

Benefits to Canadians

Our aim is to ensure that timely and correct benefit payments are issued to eligible families and individuals through effective service delivery. In addition, we aim to reduce the overall cost of government through efficiencies obtained by reduced duplication in administration and delivery functions.

Planned Spending by Program Activity

	Forecasted Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Planned Spending (thousands of dollars)	335,679	331,566	336,985	342,000
Full-Time Equivalents (FTE)	1,563	1,595	1,589	1,589

Expected Results and Measures

Expected Result – Benefit recipients have access to timely and accurate information	
Our Indicators	Current Target
Key service standards (refer to the service standards for PA6 in Section IV)	Various
Percentage of CCTB callers who succeed in reaching the CRA's telephone service	90%
Number of visits to My Account benefits pages and the use of electronic data input facilities	Upward trend

Expected Result – Eligibility determination and payment processing are timely and accurate	
Our Indicators	Current Target
Processing benefit applications and marital status change forms – Timeliness	98%
Processing benefit applications and marital status change forms – Accuracy	98%
Percentage of the five service standards related to benefit application and marital status change forms/benefit and credit enquiries	100%
Level of satisfaction with benefit application processing time	75%

Our Priorities

Strengthening Service

Providing **timely and accurate payments** to all of our recipients is our first priority. To ensure that service levels will be met in the future, we are making additional investments in the modernization of our systems. We are also working on several initiatives to ensure the ability of our delivery infrastructure to support core business and growth.

We are adding to our service quality through the creation of new electronic research options, by modernizing and improving our working and testing systems, by expanding training, and by strengthening our procedures manuals.

As more Canadian households access the Internet each year, we will **enhance and promote self-service options** to reduce costs and provide timely and efficient client service. Over this planning period, we will identify and develop enhancements to the benefits-related pages of My Account, add application and account update functions, and improve services for persons with disabilities.

The electronic and telephone service channels complement each other to provide efficient and effective client support, ranging from supplying general information to dealing with complex account-specific issues and transactions. Therefore, we will also **optimize the telephone channel**.

Our outreach efforts are designed to increase our visibility in the community, to encourage uptake of our programs, and to inform individuals of their entitlements and obligations. We will **strengthen outreach** and improve our communication with benefit recipients by identifying audiences that could benefit from customized contact. During this planning period we will partner with the Assembly of First Nations to develop targeted education tools, further diversify our efforts to reach out to persons with disabilities, and improve the wording used in our letters and notices.

Benefits Validation

We maintain the confidence of benefit recipients, taxpayers, and client governments by applying **validation activities**. We use a range of tools to ensure the accuracy of information provided by individuals, focusing on the validation of information from population segments identified as high-risk. Our Benefit Examination Team (BET) analyzes enforcement and deterrence issues. We are refining BET to achieve greater program effectiveness and efficiencies. We are also quantifying the results achieved by our validation program to ensure the best value per dollar spent on compliance.

Effective Relationships

Data gathering efficiencies are achieved and consistent information is used for program calculation when we partner with government clients in

authorized information exchanges. Our flexible platform allows us to deliver programs and services on behalf of federal, provincial, and territorial government clients. This reduces the overall administrative costs associated with multiple levels of government, by simplifying administration, eliminating duplication, and limiting compliance burdens. We **manage business growth and partnerships** to provide the most effective program and service delivery possible, reducing the number of contacts that individuals must make to update program information, benefiting both government clients and recipients. The overall success of our program and service delivery is reflected in the growing number of government clients we have.

During this planning period we are developing an exciting new partnership opportunity that will reduce the application burden on the recipient, improve our ability to issue payments on a timely basis, and reduce administrative costs. We will work with several jurisdictions to develop an automated benefit application process that will allow parents to apply for child benefits by ticking a box on the child's birth certificate application. Upon receiving consent, the provincial or territorial body that registers the birth will send the applicant's registration information over a secure communication network to the CRA so that we can determine eligibility for benefits.

The program priorities we will pursue over the planning period are listed in the table below.

Priority Initiatives

Priorities	Deliverables	Dates
Ensure timely and accurate benefit payments to all eligible individuals	Apply process management elements to develop national standards for our core programs	2009-2011
	Implement the Corporate Case System for core benefit workflows	2009-2012
	Improve services for persons with disabilities	2009-2010
	Review the quality of external communications	2009-2010
	Strengthen the Individual Identification System governance	2009-2011
Enhance self-service options	Enhance our Apply for Child Benefits option to update child information and update marital status	2009-2010 and 2010-2011
	Provide benefit recipients with a new electronic option to pay benefit programs debts	2009-2010
Optimize the telephone channel	Maintain enhanced caller accessibility	2009-2010
	Conduct Profile of Enquiries studies	2009-2012
	Enhance the quality assurance program, agent training, and agent tools	2009-2012
Strengthen outreach	Enhance targeting and customization to address changing demographics and economic trends	2009-2012
	Maximize the use of technology	2009-2012
	Improve outreach to persons with disabilities	2009-2010
Strengthen benefit validation activities	Maintain and refine validation programs to ensure that compliance risks are identified and addressed	2009-2012
Manage business growth and partnerships	Maintain and enhance the CRA's infrastructure	2009-2012
	Expand data exchange opportunities to additional clients under income verification programs	2009-2012
	Increase partnerships and innovate in delivery services, where feasible	2009-2012

Human Resources Challenges

Technological advances such as additional self-service options, plus changes to our employee population, may influence staffing needs. We recognize that, as individuals are increasingly able to apply for benefits and update their account information electronically, the typical path for applying and registering for programs may change. The potential for change is

being addressed to ensure successful delivery of programs and services in the future.

We recognize the value of our human resources and we are working to attract and retain a workforce that will meet fluctuating program demands.

Internal Services (PA7)

The CRA delivers high-quality tax, benefit, and related services on behalf of governments across Canada. Business sustainability is the key driver in identifying

the CRA's priorities, ensuring that our tax and benefit services have the guidance, infrastructure, and resources necessary for successful delivery.

Planned Spending by Program Activity

	Forecasted Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Planned Spending (thousands of dollars)	1,390,720	1,295,854	1,290,656	1,285,981
Full-Time Equivalents (FTE)	7,643	8,086	8,067	8,060

Business Sustainability

The CRA is widely recognized as a highly efficient and strong organization entrusted to administer many essential income tax and income redistribution policies. Effective resource management requires that our resource base be applied optimally, aligning investments with the organization's strategic direction and priorities.

Following a recent comprehensive review of its program spending, the CRA proposed measures to generate savings while maintaining delivery of critical programs and results to Canadians.

We will **optimize program delivery through efficient and effective resource allocation.**

It is essential for the CRA to continue to promote the efficient and effective use of financial resources. The Resource and Investment Management Committee oversees the CRA's investment spending and, beginning in 2009-2010, this oversight will be enhanced through the introduction of a more formalized strategic investment planning process. Consistent with the Treasury Board of Canada Secretariat Policy on Investment Planning, this new process will ensure that resources are allocated in a manner that clearly supports program outcomes and government priorities, while addressing the highest risks facing the CRA.

The Federal Accountability Action Plan brought forward 13 specific measures to **help strengthen accountability and oversight.** Consequently, one of the measures launched by the CRA in 2008-2009 is the

Chief Executive Officer (CEO)/Chief Financial Officer (CFO) Certification Process, where the CEO and the CFO are required to sign an annual Statement of Management Responsibility that includes internal control over financial reporting.

The process will also generate information that will respond to the new provisions of the *Financial Administration Act*, which designate deputy heads as the accounting officers for their organizations with legal obligations to appear before committees of the Senate and the House of Commons.

In 2009-2010, we will focus on completing the entity-level controls assessment and on starting the assessment of the design and implementation of key process-level and general IT controls that prevent or detect a material misstatement in the CRA's financial statements.

We will ensure that **risk management is applied in a consistent and systematic manner.** Effective risk management ensures the continuity of CRA operations, as well as maintenance of services to and protection of the interests of the Canadian public. Since risks are present throughout all government operations, the successful delivery of a program or service is contingent upon the effective identification and management of those risks.

Since its inception in 2005, the Enterprise Risk Management Program has supported decision making and management excellence by defining the corporate context and practices for proactively managing organizational and strategic risks. Through a comprehensive framework, we will ensure that risk

management is fully embedded in existing organizational processes, such as strategic planning and reporting; business planning; resource allocations; program and policy development; and day-to-day decision making.

Key Corporate Risk: Human resources capacity and capability

Strategy to address: Have in place a modern and progressive human resources regime

One aspect of our dedication to excellence in the workplace is our Competency Based Human Resources Management (CBHRM) regime.

CBHRM is a system that ensures that employees are selected, evaluated, developed, and promoted on the basis of competencies that have been identified as crucial to our organizational success. Over the planning period, we will continue with the implementation of CBHRM and look for opportunities to make adjustments and improvements to address our changing business and human resources needs.

We will use an integrated approach to **plan for talent** and focus on building our capacity to ensure a continuous supply of skilled employees. Further, to meet our business needs, we will strive to develop employee abilities and provide an engaging work environment that supports staff retention and employee mobility.

The CRA has developed a workforce plan that sets out the steps we will take to further understand our strengths and challenges. Over the planning period, we will revise the plan to take into account progress made and new challenges that arise. As we expand our succession planning practices, we will develop a systematic approach for senior managerial and highly technical positions across the CRA.

We will **acquire talent** to ensure that the business of the CRA continues to accommodate the evolution of our tax and benefits administration. Therefore, we must recruit employees with competencies best suited to our current and future requirements using a variety of recruitment strategies. This includes encouraging and using student bridging as a vehicle for recruiting new graduates into the CRA on a permanent basis.

Additionally, enhancing our staffing program will help managers satisfy their staffing needs in a timely and effective manner, while ensuring that the new employees have the right skills and competencies to do the job.

We will **invest in employee development** so that we can get the best return for both the organization and the employees. We will also increase the number of employees in management development and assignment programs to ensure management renewal.

We will **retain and mobilize talent** to ensure that our staff is utilized in the most effective manner. Although the CRA has a high level of employee retention, there is significant employee movement within the organization. We will build upon our existing data and knowledge to more fully understand the occupational groups and/or geographic areas where internal movement is challenging our ability to deliver our programs.

To support a healthy and productive workplace, we will maintain our relationship with the unions by applying the philosophy of the Union Management Initiative in our daily interactions.

Key Corporate Risk: Information technology (IT) responsiveness and sustainability

Strategy to address: Enhance IT capacity and governance to support current and future CRA program and service delivery

The CRA collects and processes massive amounts of data using technology that is fundamental to the delivery of our mission critical service and compliance programs.

We must sustain our strong focus on ensuring that our IT solutions are robust, secure, available, reliable, and recoverable. With a sound IT strategy, and through the right investments, we will be able to respond to challenges and be ready to deliver the IT services required to meet policy changes in tax and benefit programs.

By sharing best practices and contributing to key horizontal projects, we will play a leadership role in the continued development of government business and technology models for electronic service delivery.

We will remain a shared service provider to the Canada Border Services Agency (CBSA) for IT infrastructure services and Corporate Administrative Services (CAS). We will also work with the CBSA to align our investments in technology.

We will ensure that significant resources are invested in the renewal of our applications to meet growing business needs and achieve long-term sustainability.

We will also enhance our service and product quality and identify opportunities for increased efficiencies by developing effective IT solutions to support the CRA and its clients, including the Corporate Tax Administration for Ontario, Integrated Revenue Collections, and Compliance Systems Redesign. We will make strategic investments in our infrastructure so as to facilitate electronic transaction flows from financial institutions.

Through the implementation of a quality program, we will support the continuous improvement of IT standards and practices, development and maintenance practices, and quality. We will also **enhance the security, reliability, and flexibility of our IT infrastructure and solutions.**

During the planning period, we will partner with Public Works and Government Services Canada on plans for a new data centre facility for the CRA and other federal government departments, while maintaining reliable data centre infrastructure in the short term. We will also continue to develop and advance our data centre recovery and business continuity planning, to ensure recoverability efforts continue to meet business requirements for all CRA systems.

Additionally, we will develop a multi-year asset management plan to support the life cycle management of our IT assets. We will also advance our Enterprise Content Management (ECM) program to address business demands and improve productivity.

We will ensure the **effective and secure management of protected taxpayer information.** The CRA devotes considerable resources and attention to protecting the vast amount of information that individual taxpayers, benefit recipients, businesses,

and trusts provide to us. This is required not only to minimize incidents today, but also to keep pace with the increased threats to information security affecting all holders of protected information globally. Over the planning period, we will make investments to further reduce the possibility of inappropriate access or disclosure of protected taxpayer and benefit recipient information.

In support of this priority, the CRA will develop the Identity and Access Management tool to integrate the identity and access provisioning of all our computing platforms, environments, and applications. We will also modernize the National Audit Trail System, which will allow us to proactively monitor employees' access to systems containing taxpayer information. As well, the Individual Identification System will be modified to provide increased control over access to taxpayer data by other systems.

During the planning period, we will develop an Internal Fraud Policy and related program requirements to address recommendations stemming from an independent assessment of the internal fraud risk environment.

In addition, we will meet the legislative requirements outlined in the *Access to Information Act* and the *Privacy Act*, and provide guidance, policy advice, and training to CRA employees on their obligations under these Acts.

Key Corporate Risk: Information integrity

Strategy to address: Implement a data stewardship program to ensure that the data collected by the CRA meets the highest standards of quality and horizontality

The availability of high-quality, authoritative information to decision makers supports the delivery of programs and services, thus enabling the CRA to be more responsive and accountable to Canadians.

To this end, we will enhance our information management practices by developing an Information Management Strategy to ensure that the information and data products used within the CRA and shared with clients are of the highest quality. We will also work to advance the implementation of a data

stewardship program, and introduce an electronic content management system.

We will **express the value the CRA brings to Canadians through our communications**. Effective communications enable the CRA to inform Canadians about tax, benefit, and related services and play a critical role in the CRA's overall approach to compliance. A new Compliance Communications

Directive will outline the ways in which the CRA will share its compliance results and increase Canadians' confidence in its tax systems and its ability to protect Canada's revenue base. We will also explore new ways of reaching Canadians on the topic of compliance through social media and direct outreach to target audiences such as youth and trade schools.

Priority Initiatives

Priorities	Deliverables	Dates
• Strengthen accountability and oversight	• Complete an entity-level controls assessment and start assessing the design and implementation of key process-level and general IT controls	• 2009-2010
	• Develop a statement of management responsibility including Internal Control over Financial Reporting	• 2011-2012
• Optimize program delivery	• Introduce the Strategic Investment Plan	• 2009-2010
• Risk management	• Develop the Corporate Risk Inventory 2009 and the CRA Risk Action Plan 2010	• 2009-2011
	• Integrate risk information within the CRA business planning process	• 2009-2010
• Plan for talent	• Update the CRA Workforce Plan to include integrated business and human resource plans	• 2009-2010
	• Launch the non-executive cadre succession planning framework	• 2009-2010
• Acquire talent	• Implement end-state for staffing	• 2009-2010
• Invest in employee development	• Update the learning policy suite	• 2009-2010
	• Increase intake in corporate management development/assignment programs	• 2009-2010
	• Expand Observe and Attest	• 2009-2010
• Retain and mobilize talent	• Implement values and ethics focal point	• 2009-2010
	• Complete action planning to address 2008 Public Service Employee Survey	• 2009-2010
• Strengthen IT responsiveness and sustainability	• Partner with Public Works and Government Services Canada on plans for a new data centre facility for the CRA and other federal government departments	• 2009-2013
	• Until the new government data centre is operational, implement interim environmental upgrades at the CRA's data centres	• 2009-2013
	• Establish a governance model that will provide direction and oversight for the 2009-2010 short term plan of the Application Sustainability Program as well as the development of a long term plan	• 2009-2010
• Enhance the security, reliability, and flexibility of our IT infrastructure and solutions	• Enhance intrusion defence technology on our network and computers	• 2009-2010
	• Develop an infrastructure and application release management strategy for distributed environment	• 2009-2010

Priorities	Deliverables	Dates
• Modernize tools, systems, and IT solutions	• Complete the first phase of the SAP CAS application upgrade, including the migration of the technology to the new version and the addition of key business functionality	• 2009-2010
	• Pilot the implementation of the new e-resourcing system	• 2009-2010
• Manage protected taxpayer information effectively and securely	• Complete business requirements for the procurement and implementation of an identity and access management tool	• 2009-2014
	• Complete business requirements and develop a business case for the modernization of the National Audit Trail System	• 2009-2010
	• Develop a policy on internal fraud and related program requirements	• 2009-2011
• Information Integrity and Data Quality	• Develop an Information Management Strategy	• 2009-2010
	• Implement a data stewardship program to improve data quality used for the formulation and evaluation of fiscal and economic policy by federal and provincial governments	• 2009-2010
	• Implement the Agency-wide functional information classification scheme and introduce an electronic content management system	• 2009-2012
	• Complete intranet renewal	• 2009-2012
• Communication	• Develop and implement a compliance communication directive and affiliated guidelines	• 2009-2010
	• Develop marketing plans for e-services and social media pilot projects	• 2009-2010
	• Develop and implement the Public Engagement Framework for Responsible Citizenship	• 2009-2011

Conclusion by the Commissioner



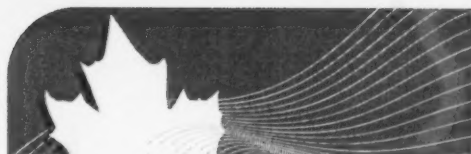
As the Commissioner of the Canada Revenue Agency, I take pride in being a part of such an outstanding public service organization as it approaches its tenth anniversary. Looking back, I am inspired by how far we have come and how much we have accomplished during the past decade. We embarked on a sweeping program of change to inject fresh ideas into the way we operate and provide service to Canadians. Along the way, we have been recognized for our innovation and our commitment to service excellence, although there remains much left to accomplish.

We have three overarching objectives for this planning period. Tax integrity remains our core focus and will be advanced by addressing key areas of risk. We will remain at the forefront of service to Canadians by further strengthening our service offerings while working to reduce the administrative cost and burden to our stakeholders. Lastly, our focus on business sustainability is what enables us to maintain our high level of performance as world-class administrators of tax and benefits legislation.

Our success in responding effectively to the many challenges we face depends in large part on our people, from my colleagues on the Agency Management Committee who set our plans in motion, to the front line staff who serve Canadians daily. We have a dynamic team that has consistently demonstrated a commitment to the highest standards of program delivery and workplace excellence.

I have full confidence in the abilities of our employees to meet the challenges of change under the direction of our new Minister and the oversight of our Board of Management. I look forward to seeing our plans realized, to the benefit of Canada and Canadians.

William V. Baker
Commissioner and Chief Executive Officer
Canada Revenue Agency



Section III: Supplementary Information

Financial Highlights

The future-oriented financial highlights presented within this Report on Plans and Priorities (RPP) are intended to serve as a general overview of the Canada Revenue Agency (CRA) financial position and operations. These future-oriented financial highlights are prepared on an accrual basis to strengthen accountability and improve transparency and financial management.

Future-oriented financial statements can be found on CRA's website at <http://www.cra-arc.gc.ca/gncy/rprrs/menu-eng.html>

(thousands of dollars)			
Condensed Statement of Operations	% Change	Future-oriented 2009-2010	Future-oriented 2008-2009
Expenses			
Total Expenses	-2.72%	4,284,975	4,404,731
Non-Tax Revenues			
Total Non-Tax Revenues	-0.37%	536,593	538,589
Net Cost of Operations	-3.05%	3,748,382	3,866,142

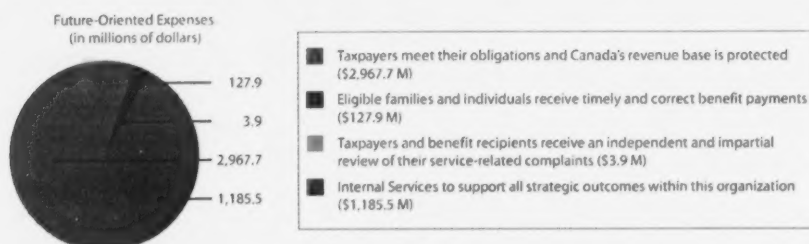
The chart on the following page outlines the Agency's future-oriented total expenses for 2009-2010. It is projected that total expenses will be \$4,285.0M for the coming fiscal year.

Most of these expenses (\$2,967.7M) will be directed at enhancing CRA's capability to achieve its first strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected. CRA will focus on Tax Integrity and Strengthening Services. Tax Integrity will be achieved by making it harder to be non-compliant by actively and consistently addressing the promotion of non-compliance and improving communication and information-sharing with federal and international stakeholders to permit rapid response to emerging compliance threats. Strengthening Service will be achieved by making it easier for taxpayers to comply by carrying out CRA's Service Strategy to expand self-service options, optimize telephone service, and fine-tune the outreach and communication efforts.

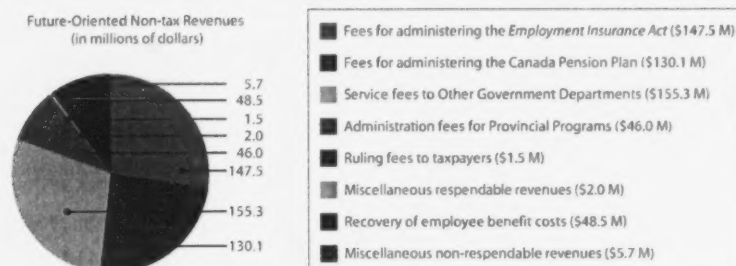
\$127.9M in expenses will be used to meet CRA's second strategic outcome: Eligible families and individuals receive timely and correct benefit payments. To maintain a strong performance in benefit programs delivery, CRA's focus will mostly be on Strengthening Service and Benefits Validation. Strengthening Service will be achieved by improving communications and enhancing electronic service offering. Benefits validation will be achieved by creating a credible enforcement presence and by educating benefit recipients about their rights and obligations.

\$3.9M in expenses will be used to support CRA's third strategic outcome: Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints with the Taxpayers' Ombudsman activity.

Finally, \$1,185.5M in expenses will be used in support of internal services. Internal Services activities are those that apply across the organization and not to a specific program. These include activities such as Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services.



The chart below outlines the CRA's future-oriented total non-tax revenues for 2009-2010. It is projected that total non-tax revenues will be \$536.6M for the coming fiscal year. The majority of these non-tax revenues (\$277.6M) are revenues credited to Vote 1 and are expected to come from the administration of the *Employment Insurance Act* (\$147.5M) and the Canada Pension Plan (\$130.1M). While 38% (\$204.8M) are non-tax revenues available for spending and are expected to come from service fees to Other Government Departments (\$155.3M), Administration fees for Provincial Programs (\$46.0M), Ruling Fees to taxpayers (\$1.5M), and other miscellaneous Respendable fees and changes (\$2.0M). The remaining 10% (\$54.2M) are non-tax revenues not available for spending and will come from the recovery of employee benefit costs relating to non-tax revenues credited to Vote 1 and revenues available for spending (\$48.5M) as well as other miscellaneous non-respendable non-tax revenues (\$5.7M).



List of Tables

The following tables are available electronically on the Treasury Board of Canada Secretariat's website:
<http://www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp>

Table 2: Details of Other Transfer Payment Programs

Table 2.1: Children's Special Allowance Payments (CSA)

Table 2.2: Payments to Provinces under the *Softwood Lumber Products Export Charge Act, 2006*

Table 4: Sources of Respendable and Non-Respendable Non-Tax Revenue

Table 4.1: Respendable Revenue

Table 4.2: Non-Respendable Non-Tax Revenue (Agency Activities)

The following tables are available electronically on CRA's website:

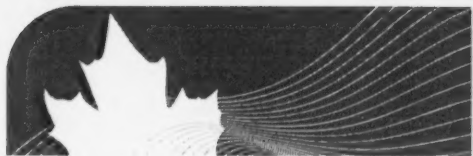
<http://www.cra-arc.gc.ca/gncy/rprts/menu-eng.html>

Table 1: Agency Planned Spending and Full-time Equivalents

Table 3: Services Received Without Charge

Canada Revenue Agency Future-oriented Financial Statements

Transfer Payment Programs – Three Year Plan (summary will be available online by June 30, 2009)



Section IV: Other Items of Interest

Board of Management

Board Membership

The Board of Management of the Canada Revenue Agency comprises 15 members appointed by the Governor in Council. They include the Chair, the Commissioner and Chief Executive Officer, a director nominated by each province, one director nominated by the territories, and two directors nominated

by the federal government. Members of the Board bring a private-sector perspective and business approach to management and, in this regard, have been championing a significant agenda for change within the CRA.

The following list shows the Board membership as of February 2009.

Connie I. Roveto, B.A., B.Ed., ICD.D

Chair, Board of Management
President
Cirenty Management
Toronto, Ontario

Camille Belliveau, CFP, FCGA

Executive Director
Groupe EPR Canada Group Inc.
Shediac, New Brunswick

Myles Bourke, B.Comm., FCA

Corporate Director
Chartered Accountant
Lethbridge, Alberta

Raymond Desrochers, B.Comm., CA, CFE

Partner
BDO Dunwoody LLP Chartered Accountants
Winnipeg, Manitoba

Gordon Gillis, B.A., LL.B.

Lawyer/Consultant
Dartmouth, Nova Scotia

André Gingras

Founder and Director
André Gingras et Associés inc.
Montréal, Quebec

Norman Halldorson, B.Comm., FCA

Corporate Director
Clavet, Saskatchewan

Robert J. (Bob) Healey, B.Comm., CFP, FCA

Corporate Director
Chartered Accountant/Management Consultant
St. John's, Newfoundland and Labrador

James J. Hewitt, FCMA

Corporate Director
Penticton, British Columbia

Fauzia Lalani, P.Eng.

Executive Consultant
Calgary, Alberta

Rod Malcolm, CA

Corporate Director
Iqaluit, Nunavut

Patricia J. Mella, B.A., B.Ed., M.A.

Corporate Director
Stratford, Prince Edward Island

James R. Nininger, B.Comm., M.B.A., Ph.D.

Corporate Director
Ottawa, Ontario

Sylvie Tessier, B.A.Sc., M.B.A., P.Eng., ICD.D

Consulting Director
Sierra Systems
Toronto, Ontario

William V. Baker, B.A., M.A., ICD.D

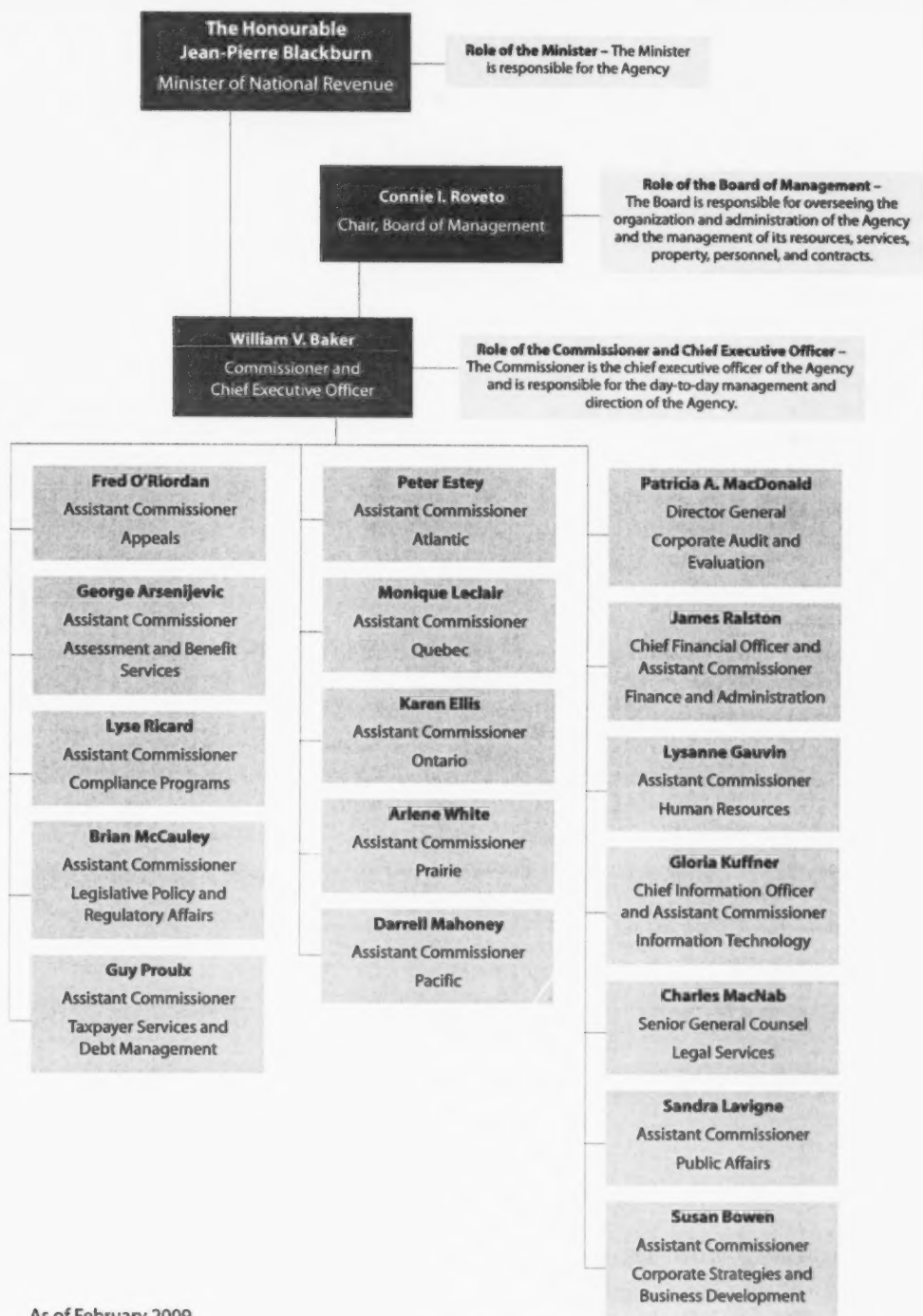
Commissioner and Chief Executive Officer
Canada Revenue Agency
Ottawa, Ontario

The Board of Management is responsible for overseeing the organization and administration of the CRA as well as the management of its resources, services, property, personnel, and contracts. The

Board is supported by four committees with mandates to assist the Board in fulfilling its oversight responsibilities. The role and membership of these committees are outlined below.

Audit Committee		
Mandate	The Audit Committee reviews the CRA's accounting framework, financial and performance information, internal controls and financial risks, as well as its compliance with financial and environmental legislation.	
Membership	Chair	M. Bourke
	Vice-Chair	R. Desrochers
	Members	N. Halldorson, C. Roveto, R. Healey
Governance Committee		
Mandate	The Governance Committee reviews all aspects of the Board's governance framework to ensure that the Board functions in an effective and efficient manner that successfully supports the operations of the CRA.	
Membership	Chair	J. Nininger
	Vice-Chair	J. Hewitt
	Members	W. Baker, C. Roveto, C. Belliveau
Human Resources Committee		
Mandate	The Human Resources Committee reviews the management of human resources within the CRA and provides recommendations and advice on the CRA's human resources management strategies, initiatives, and policies.	
Membership	Chair	G. Gillis
	Vice-Chair	P. Mella
	Members	W. Baker, J. Nininger, C. Roveto
Resources Committee		
Mandate	The Resources Committee reviews the CRA's operating and capital budgets, its capital investment plans, and the development of administrative management strategies and policies for the management of funds, real property, contracts, equipment, information, information technology, and environmental obligations.	
Membership	Chair	S. Tessier
	Vice-Chair	F. Lalani
	Members	W. Baker, R. Malcolm, A. Gingras, C. Roveto, C. Belliveau, J. Hewitt

Organizational Structure



As of February 2009

Service Standards

Excellence in Service

External service standards publicly state the level of performance that citizens can reasonably expect from the CRA under normal circumstances. The CRA is committed to developing, monitoring, and reporting on a full suite of service standards in areas of importance to taxpayers and benefit recipients. Service standards also support our commitment to Canadians for transparency, management accountability, and citizen-focused service.

Service standards that are consistently met help contribute to Canadians' compliance with tax and

benefit legislation, and support the CRA's program administration.

Reporting

Every year, approval is sought to adjust, delete, or introduce service standards through the Corporate Business Plan. In 2009-2010, we will have a total of 47 service standards. We report externally on our overall performance against our service standards in the *CRA Annual Report to Parliament*, found at www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html.

The following service standards will be in effect for 2009-2010.

Taxpayer and Business Assistance (PA1) (Enquiries and Information Services)

Service	Standard	Target
1. General enquiries—Telephone service level	Respond to calls in queue within two minutes	80%
2. Business enquiries—Telephone service level	Respond to calls in queue within two minutes	80%

Taxpayer and Business Assistance (PA1) (Legislative Policy and Regulatory Affairs)

Service	Standard	Target
3. Charities—Responding to telephone enquiries	Within two minutes	80%
4. Advance income tax rulings to taxpayers	Within average of 60 days	100%
5. Technical interpretations to taxpayers	Within average of 90 days	100%
6. GST/HST rulings and interpretations—Written enquiries	Within 45 working days	80%
7. Applications to register pension plans	Complete review in 180 days	85%
8. Amendments to registered pension plans	Nine months	80%
9. Termination of registered pension plans	One year	85%
10. Retirement savings plans (applications to register, amend, or terminate)	Within 60 days	80%
11. Retirement income funds (applications to register, amend, or terminate)	Within 60 days	80%
12. Education savings plans (applications to register, amend, or terminate)	Within 60 days	85%
13. Actuarial valuation reports	Nine months	80%
14. Deferred income plans—Response to written enquiries	Within 60 days	80%
15. Deferred profit sharing plans	Registration in 180 days	80%
16. Deferred profit sharing plans	Amendments and terminations in 270 days (nine months)	80%

Assessment of Returns and Payment Processing (PA2)

Service	Standard	Target
17. Responding to taxpayer-requested adjustments (T1)	Eight weeks	100%
18. Responding to taxpayer-requested adjustments (T1) received via the Internet	Two weeks	100%
19. Providing Statements of Interim Payments (SIP) to corporations and GST/HST clients on a monthly basis	Mailed by the 18th of the month	95%
20. Processing T1 individual income tax returns (paper)	Four to six weeks	100%
21. Processing T1 individual income tax returns (EFILE, TELEFILE, NETFILE)	Two weeks	100%
22. Processing T3 trust returns	Within four months	95%
23. Processing excise tax, excise duty, and air travellers security charge returns	Within 90 days	95%
24. Processing GST/HST returns	30 days	95%
25. Processing T2 corporation income tax returns	Within 60 days	90%

Accounts Receivable and Returns Compliance (PA3)

Service	Standard	Target
26. Processing taxpayer relief requests related to accounts receivable and trust accounts programs	Four to six weeks	90%

Reporting Compliance (PA4)

Service	Standard	Target
27. Processing non-resident Regulation 105 waiver requests	30 days	85%
Claims—SR&ED tax incentives		
28. Refundable claims	120 days	90%
29. Non-refundable claims	365 days	90%
30. Claimant-requested adjustments to refundable claims	240 days	90%
31. Claimant-requested adjustments to non-refundable claims	365 days	90%
Claims—Video and film tax credits		
32. Refundable claims—Unaudited	60 days	90%
33. Refundable claims—Audited	120 days	90%

Appeals (PA5)

Service	Standard	Target
34. Problem Resolution Program ¹	Acknowledged within two working days	95%
35. Problem Resolution Program ¹	Resolution/taxpayer contact within 15 working days	95%
36. First contact letter for disputes	30 days	85%

¹ Previously associated with Taxpayer and Business Assistance (PA1) (Enquiries and Information Services)

Benefit Programs (PA6)

Service	Standard	Target
37. Canada Child Tax Benefit—Telephone service level	Respond to calls in queue within two minutes	75%
38. Processing benefit applications and marital status change forms—Timeliness	Issue a payment, notice, or explanation within 80 days	98%
39. Processing benefit applications and marital status change forms—Accuracy	Accurately process information and, if necessary, issue a payment, notice, or letter	98%
40. Responding to benefit and credit enquiries—Timeliness	Respond to written enquiries and telephone referrals from Call Centres within 80 days	98%
41. Responding to benefit and credit enquiries—Accuracy	Respond to written enquiries and telephone referrals from the Call Centres with the correct information, and process new recipient information, including issuing a payment, notice, or letter, accurately	98%
42. Validation and control—Results of review	Inform the recipient of the results of our review within 45 days after we receive the information requested	90%
43. Processing a request to authorize or cancel a representative—Timeliness (peak)	Within 20 business days of receipt during peak periods	90%
44. Processing a request to authorize or cancel a representative—Accuracy (peak)	Accurately process the request, and if necessary, send a letter requesting additional information	98%
45. Processing a request to authorize or cancel a representative—Timeliness (non-peak)	Within five business days of receipt during non-peak periods	90%
46. Processing a request to authorize or cancel a representative—Accuracy (non-peak)	Accurately process the request, and if necessary, send a letter requesting additional information	98%

Internal Services

Service	Standard	Target
47. Client or taxpayer requests for statistical tax data	Within an average of 30 days	100%

Service Standards Under Development

The CRA also remains committed to improving service and developing new service standards, as shown by the ongoing work listed below. However, developmental work on three service standards

(i.e., Respond to written deferred income plans – enquiries; Register a pension plan; and Request eligible contributions) in registered plans has been cancelled as they were not new standards, but planned modifications to existing ones. Developments planned for 2009-2010 to 2011-2012 are outlined below:

Program Activity	Service Standard	Proposed Target
Taxpayer and Business Assistance (Legislative Policy and Regulatory Affairs)	Review and respond to applications for charitable registration upon receipt of a complete application, within established standards	80%
	GST/HST Rulings, telephone enquiries—respond to calls in the queue within two minutes	80%
	Registered pension plan amendments within 60 days (this standard would combine amendments within nine months and terminations within one year)	85%
(Enquiries and Information Services)	International and Non-resident General Enquiries – Telephone service level. Respond to calls in the queue within two minutes	80%
Appeals	Average working days to complete processing income tax, commodity tax, and CPP/EI disputes	TBD

Sustainable Development

The CRA is currently implementing the 2007-2010 Sustainable Development Strategy. By executing the strategy we seek to achieve environmental excellence, improve the efficiency of our operations, and support the Government of Canada's sustainable development priorities.

In order to integrate sustainable development into the way we conduct our business, our strategy contains four interrelated goals:

- reducing the effects of our operations on land, air, and water;
- delivering our services in a more sustainable manner;

- engaging our employees to apply sustainable development; and
- using modern systems to support and maintain sustainable development.

Our current strategy is scheduled to end in 2010. Looking ahead, the Government of Canada's new *Federal Sustainable Development Act* will determine the form and timing of the CRA's next sustainable development strategy.

For more detailed information on the CRA's sustainable development program, please visit the CRA's Web site:

<http://www.cra-arc.gc.ca/gncy/sstnbl/prfrmnc/menu-eng.html>

Green Procurement

For more detailed information on the CRA's Green Procurement Program, please visit the Treasury Board Secretariat's Web site:

<http://www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp>

Internal Audits and Evaluations

For more detailed information on the CRA's internal audits and evaluations, please visit the Treasury Board Secretariat's Web site:

<http://www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp>